

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

JUNE 25, 1999

IN RE:)	
REQUEST BY MEMPHIS LIGHT, GAS AND)	DOCKET NO. 99-00040
WATER FOR WAIVER FROM THE)	
REQUIREMENTS REGARDING THE RATE)	
OF WATER REMOVAL CONTAINED IN)	
49CFR 193.2173(b))	

**ORDER APPROVING WAIVER FROM THE REQUIREMENTS REGARDING THE
RATE OF WATER REMOVAL CONTAINED IN 49CFR 193.2173(b)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference held on April 6, 1999, upon the request of Memphis Light, Gas and Water ("MLGW") for waiver from the requirements relative to the rate of water removal contained in 49CFR 193.2173(b), as it applies to the water removal in the impoundment dike of their liquefied natural gas facility located in Capleville, Tennessee.

BACKGROUND

On January 26, 1999, MLGW filed an application for waiver from the Minimum Federal Safety Standards (MFSS) that have been adopted by the Tennessee Regulatory Authority and its predecessor agency, the Tennessee Public Service Commission. This waiver request is due to the Authority's gas pipeline safety inspection of MLGW's liquefied natural gas (LNG) facility located in Capleville, Tennessee. On October 14, 1998, the Authority cited MLGW with a violation of Section 193.2173(b) of the MFSS that requires MLGW to comply with the removal of water in the dike area surrounding the LNG tanks so as to reduce the amount of LNG vapor that could

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occur if the product were to flow into the dike area during an emergency. MLGW seeks a permanent waiver from the application of Part 193, Subpart C-Design, Impoundment Design and Capacity, Section 193.2173(b) "Water Removal" of the MFSS, which provides as follows:

The water removal system must have adequate capacity to remove water at rates, which equal the maximum predictable collection rate from a storm of 10-year frequency and 1-hour duration, and other natural causes.

Removal of water from the impoundment area surrounding LNG tanks is important due to the volatile nature of LNG when it comes in contact with water. The referenced code section establishes the design criteria to be a storm of 10-year frequency and 1-hour duration. Under this criteria, the water removal system as originally constructed at MLGW's facility requires sixteen (16) hours for the complete removal of water from the basin in the LNG storage tank area. However, the current federal and state regulations require that water in the LNG impoundment basin must be removed at a rate equal to the maximum collection rate for a storm of 10-year frequency and one hour duration. MLGW has been working with the design/construction contractor, Chicago Bridge and Iron Company (CBI), to develop an alternative design that would remedy the excessive delay in removing water from the impoundment basin. In its letter of January 26, 1999, MGLW sets forth the following as a proposed resolution for decreasing the amount of time required for such water removal:

"CBI has determined that replacing the current 8.38-inch impeller on the larger pump (P-704) with a 10-inch impeller, leaving the impeller on the smaller pump (P-703) unchanged, and changing the discharge piping of P-704 from 3-inch to 4-inch and of P-703 from 2-inch to 3-inch will increase the combined capacity of the two sump pumps from the original design rate of 650 gallons per minute (gpm) to 1048 gpm, thus emptying the impoundment basin in less than four hours."

Through its request for a waiver of Section 193.2173(b), MLGW is asking that it be allowed to remove water in its impoundment basin within a four (4) hour period.

MLGW'S request is not unreasonable in light of industry standards which support a four (4) hour removal period or in light of the Notice of Proposed Rulemaking under consideration by the federal Office of Pipeline Safety which would modify Section 193.2173(b) to permit a maximum four-hour period for removal of water from an impoundment basin. MLGW's proposal demonstrates that it is taking reasonable steps to remedy the problem by changing the existing pipeline in the dike area and increasing the capacity of the pump propellers and other associated equipment in the sump pump area.

LEGAL STANDARDS

In considering a request for a waiver of the requirements in 49CFR 193.2173(b), the Authority must comply with certain requirements as set forth in 49 U.S.C. § 60118:

Section 60118. Compliance and waivers

(c) Waiver by Secretary

On application of a person owning or operating a pipeline facility, the Secretary by order may waive compliance with any part of an applicable standard prescribed under this chapter on terms the Secretary considers appropriate, if the waiver is not inconsistent with pipeline safety. The Secretary shall state the reasons for granting a waiver under this subsection. The Secretary may act on a waiver only after notice and an opportunity for a hearing.

(d) Waivers by State Authorities.

If a certification under section 60105 of this title or an agreement under section 60106 of this title is in effect, the State authority may waive compliance with a safety standard to which the certification or agreement applies in the same way and to the same extent the Secretary may waive compliance under subsection (c) of this section. However, the authority must give the Secretary written notice of the waiver at least 60 days before its effective date. If the Secretary makes a written objection before the effective date of the waiver, the waiver is stayed. After notifying the authority of the objection, the Secretary shall provide a prompt opportunity for a hearing. The Secretary shall make the final decision on granting the waiver.

At the Authority Conference, the Directors unanimously approved the request for waiver based on the following findings of fact and conclusions of law:

1. MLGW is a public utility as defined in Tennessee Code Ann. § 65-28-104, and as such, is subject to the jurisdiction of the Authority pursuant to Tennessee Code Ann. § 65-28-106.

2. Through its request for a waiver of Section 193.2173(b), MLGW is asking that it be allowed to remove water in its impoundment basin within a four (4) hour period. MLGW's request is not unreasonable in light of industry standards which support a four (4) hour removal period and a Notice of Proposed Rulemaking currently under consideration by the Federal Office of Pipeline Safety that would modify Section 193.2173(b) to permit a maximum four-hour period for removal of water from an impoundment basin.

3. The proposed design and construction changes would allow the rate of water removal to increase to a more reasonable level consistent with current industry standards.

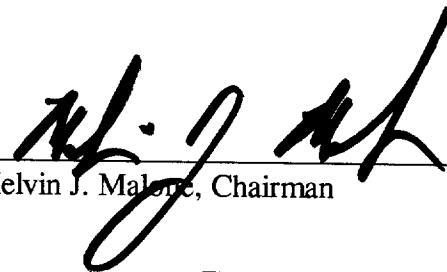
4. The Authority concludes that the waiver of 49CFR 193.2173(b) of the Minimum Federal Safety Standards is a practical solution that does not endanger public safety or the integrity of the pipeline.

IT IS THEREFORE ORDERED THAT:

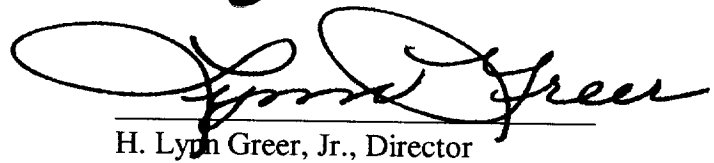
1. The request by MLGW for waiver of 49CFR 193.2173(b) is approved;
2. This Order will be effective sixty (60) days from the date it is entered unless an objection is entered by the Associate Administrator of the Federal Department of Transportation, Office of Pipeline Safety (OPS) in accordance with 49 U.S.C. 60118(d);

3. That any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten days from and after the date of this order; and

4. That any party aggrieved by the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.



Melvin J. Malone, Chairman




H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary